

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 262 - HB 1594**

March 11, 2021

**SUMMARY OF BILL:** Waives the application fee for a lifetime enhanced handgun carry permit (LHCP) for retired members of the military.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –**

**\$280,100/FY21-22 and Subsequent Years/Handgun Permit Division**

**\$106,500/FY21-22 and Subsequent Years/Tennessee Bureau of Investigation**

**Increase State Expenditures – \$8,000/FY21-22/Handgun Permit Division**

**Decrease State Expenditures –**

**\$2,300/FY27-28 and Subsequent Years/Handgun Permit Division**

**Decrease Local Revenue –**

**\$34,600/FY21-22 and Subsequent Years**

**Assumptions:**

- According to the most recent United States Department of Defense *Statistical Report on the Military Retirement System*, there are 57,702 military retirees in Tennessee.
- It is estimated that at least two percent, or 1,154 (57,702 x 2%), of those eligible will apply and be issued a LHCP each year under this legislation, who would have otherwise obtained a LHCP and paid the required fee.
- Pursuant to Tenn. Code Ann. § 39-17-1351(x)(2), a LHCP is \$300. Of that fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$31.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation fingerprint background checks; the remaining \$238.85 is retained by the Handgun Permit Division (HPD) of the Department of Safety.
- Pursuant to the current allocation of revenue derived from LHCP application fees, the recurring decrease in state revenue to the HPD is estimated to be \$275,633 (1,154 x \$238.85) the recurring decrease in state revenue to the TBI is estimated to be \$53,257 [1,154 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to be \$17,310 (1,154 x \$15) in FY21-22 and subsequent years.

- It is further assumed that an additional two percent or 1,154 who would have otherwise applied for and received an EHCP due to the discount afforded them in Tenn. Code Ann. § 39-17-1351(p)(1) will now apply for and receive a LHCP. Currently these veterans pay \$65 to cover all costs related to background checks. Of that fee, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$46.15 (\$15 + \$31.15) is allocated to the TBI; and \$3.85 is retained by the HPD.
- A decrease in state revenue to the HPD is estimated to be \$4,443 (1,154 x \$3.85) the recurring decrease in state revenue to the TBI is estimated to be \$53,257 [1,154 x (\$15 + \$31.15)]; and the mandatory recurring decrease in local revenue is estimated to be \$17,310 (1,154 x \$15) in FY21-22 and subsequent years.
- The total recurring decrease in state revenue is as follows: \$280,076 (\$275,633 + \$4,443) to the HPD in FY21-22 and subsequent years and \$106,514 (\$53,257 + \$53,257) to the TBI in FY21-22 and subsequent years.
- The mandatory decrease in local government revenue of \$34,620 (\$17,310 + \$17,310) in FY21-22 and subsequent years.
- In addition, there will be a recurring decrease in state expenditures as a result of producing fewer EHCP permit cards that would have otherwise been renewed beginning in FY27-28. The printing cost to produce one permit is \$1.99. The recurring decrease in state expenditures for the HPD will be \$2,296 (1,154 x \$1.99) in FY27-28 and subsequent years.
- Any impact resulting from veterans currently holding an EHCP and choosing to upgrade to a LHCP at renewal is estimated to be not significant.
- In order to comply with the changes, DOS would need update its current technology systems. There will be a one-time increase in state expenditures in FY21-22 of \$8,000 to create the necessary functionality within the system.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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